

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 EB-08 OMB-01 TRSE-00 COME-00 AGRE-00

CIAE-00 DODE-00 INR-07 NSAE-00 PA-01 USIA-06 PRS-01

SP-02 /039 W

-----251616Z 038101 /46

R 251402Z JAN 77

FM AMEMBASSY WARSAW

TO SECSTATE WASHDC 6198

INFO AMEMBASSY BELGRADE

AMEMBASSY BERLIN

AMEMBASSY BUCHAREST

AMEMBASSY BUDAPEST

AMEMBASSY MOSCOW

AMEMBASSY PRAGUE

AMEMBASSY SOFIA

AMCONSUL MUNICH

AMCONSUL POZNAN

AMCONSUL KRAKOW

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E.O. 11652: N/A

TAGS: EAGR, PL

SUBJECT: GIEREK SPEECH CALLS FOR FURTHER SUPPORT OF PRIVATE
FARMERS

REF: WARSAW 0589(NOTAL)

1. SUMMARY: IN HIS SPEECH BEFORE THE SIXTH PLENUM OF THE
PZPR ON JANUARY 21, FIRST SECRETARY GIEREK ANNOUNCED A NEW
SCHEME FOR INCORPORATING PRIVATE FARMERS INTO THE NATIONAL
RETIREMENT SYSTEM, WITH THE SIZE OF PENSIONS TO BE
DETERMINED ON THE BASIS OF SALES OF PRODUCE TO STATE
PURCHASING AGENTS OVER THE NEXT FIVE YEARS. GIEREK CAME
DOWN HARD ON WOJEWODA AND COUNTY (GMINA) OFFICIALS,
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ADMONISHING THEM TO TEND TO THE NEEDS OF PRIVATE FARMERS,
PARTICULARLY THROUGH THE PROVISION OF NEXCESSARY MEANS OF
PRODUCTION. ABSENT WAS THE STANDARD RHETORICAL CONDEM-
NATION OF PRIVATE FARMERS WHO FAILED T MEET ADEQUATE
STANDARDS OF PRODUCTION. RATHER THAN THREATENING TO
ABSORB SUCH POORLY-UTILIZED LANDS, THE GOVERNMENT HAS
CREATED EXTRA INCENTIVES--THE SIZE OF RETIREMENT PENSIONS--

FOR MAXIMUM PRODUCTION OVER THE NEXT FEW YEARS. SALES OR LONG-TERM LEASES OF LAND TO PRIVATE FARMERS WILL BE MADE FROM THE STATE LAND FUND. END SUMMARY.

2. FIRST SECRETARY GIEREK'S SPEECH BEFORE THE SIXTH PLENUM OF THE POLISH UNITED WORKERS PARTY (PZPR) WAS AIMED AT ASSURING PRIVATE FARMERS THAT THE PARTY'S "MULTI-FACETED AND CONSTANT" POLICIES IN SUPPORT OF PRIVATE AGRICULTURE WOULD CONTINUE. GIEREK CRITICIZED "QUITE A NUMBER OF" WOJEWODA AND COUNTY OFFICIALS WHO IN THE PAST HAD RESPONDED TO NEEDS AND COMPLAINTS OF PRIVATE FARMERS WITH "BUREAUCRATISM AND DISDAIN." HE ASSIGNED FULL RESPONSIBILITY TO THESE OFFICIALS FOR: (1) ESTABLISHING A STRUCTURE FOR SERVING PRIVATE FARMERS, PARTICULARLY IN THE SUPPLY OF BUILDING MATERIALS; (2) CONCLUDING PURCHASE CONTRACTS; (3) SIGNING CONTRACTS FOR SUPPLY OF MEANS OF PRODUCTION (INCLUDING COAL); AND (4) IMPROVING LIVING CONDITIONS IN THE COUNTRYSIDE.

3. GIEREK'S MOST IMPORTANT ANNOUNCEMENT, WHICH HE LABELED "AN HISTORIC STEP FORWARD," WAS THE ESTABLISHMENT OF A RETIREMENT FUND FOR FARMERS WHICH WOULD BEGIN OPERATION AS OF JANUARY 1, 1977, AND WOULD START MAKING RETIREMENT PAYMENTS IN 1980, OR EARLIER IN EXCEPTIONAL CASES. GIEREK PRAISED THE GOVERNMENT'S DECISION IN 1976 TO INCLUDE PRIVATE FARMERS IN THE NATIONAL HEALTH INSURANCE PLAN AND TO MAKE PENSIONS AVAILABLE TO FARMERS WHO SOLD THEIR LAND TO THE STATE, BUT HE ACKNOWLEDGED LIMITED OFFICIAL USE

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THAT THIS DID NOT PROVIDE A COMPREHENSIVE APPROACH TO THE PROBLEM AND THAT IT HINDERED TRANSFERS OF LAND TO HEIRS. GIEREK ALSO CITED THE SUBSTANTIAL PROGRESS IN DEVELOPING FIRM CONTRACTUAL TIES BETWEEN THE PRIVATE AND SOCIALIZED AGRICULTURAL SECTORS AS ANOTHER STRONG REASON FOR INCLUDING PRIVATE FARMERS IN THE PENSION SYSTEM. PRIVATE FARMERS, GIEREK SAID, COULD QUALIFY FOR PENSIONS IF THEY "CONTRACT AND SELL PRODUCE TO THE GOVERNMENT, REACH A MANDATORY AGE, AND TRANSFER THEIR LAND IN GOOD CONDITION TO THEIR HEIRS". MEMBERS OF FARMERS' FAMILIES WOULD ALSO BE ENTITLED TO RETIREMENT BENEFITS ON THE SAME BASIS AS IN THE SOCIALIZED SECTOR OF THE ECONOMY, HE SAID. GIEREK SAID THAT, IN HIS OPINION, THE SIZE OF PENSIONS OBTAINED BY INDIVIDUAL FARMERS SHOULD BE DETERMINED BY THE AMOUNT OF SALES THEY MAKE TO THE SOCIALIZED SECTOR OVER "THE MOST RECENT FIVE-YEAR PERIOD." THIS WOULD PUT PRIVATE FARMERS ON THE SAME FOOTING AS WORKERS IN THE SOCIALIZED SECTOR, GIEREK EXPLAINED. RETIREMENT PAYMENTS FROM THE SPECIAL FUND WOULD BEGIN IN

1980, BUT GIEREK SAID THAT ALLOWANCE SHOULD BE MADE FOR RETIREMENT BEFORE THAT DATE "IN CERTAIN INSTANCES".

4. GIEREK ALSO SAID SALES OR LONG-TERM LEASES OF LAND TO PRIVATE FARMERS WOULD BE MADE FROM THE STATE LAND FUND. THE SOLE CRITERION, ACCORDING TO THE FIRST SECRETARY, WOULD BE ABILITY TO FARM PROPERLY THE LAND. (COMMENT: IT IS STILL UNCLEAR WHETHER PRIVATE FARMERS WILL BE ABLE TO SELL THEIR LAND DIRECTLY TO NON-HEIRS AND STILL QUALIFY FOR PENSIONS. WE INTERPRET THE OMISSION OF THIS POSSIBILITY IN GIEREK'S SPEECH TO MEAN THAT THE POLISH LEADERSHIP DOES NOT WISH TO EMPHASIZE THE POSSIBILITY OF SUCH SALES. THE STATEMENT RELEASED BY THE POLITBIURO DOES INDICATE, IN ONE SENTENCE BURIED IN THE TEXT, "SUPPORT FOR TURNOVER OF LAND AMONG PRIVATE FARMERS". AT A MINIMUM, IT SEEMS CLEAR THAT THE PARTY HAS DECIDED TO ACCEPT LARGER-SCALE PRIVATE FARMING. THIS MAY WELL BE TRULY A LONG-LIMITED OFFICIAL USE

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TERM COMMITMENT, SINCE IT IS DIFFICULT TO IMAGINE THE GOVERNMENT'S RISKING THE WRATH OF PRIVATE FARMERS BY REVOKING OR FAILING TO RENEW LONG-TERM LEASES, AND CERTAINLY NOT PRIVATE OWNERSHIP, ON A LARGE SCALE. END COMMENT)

5. THE FIRST SECRETARY ALSO SAID THAT SPECIAL STEPS WOULD BE TAKEN TO PREVENT WIDE SWINGS IN FEED SUPPLIES TO PRIVATE FARMERS EVEN IN YEARS OF POOR HARVESTS. HE ACKNOWLEDGED THAT SUCH A PROGRAM WOULD BE COSTLY AND DID NOT SAY HOW IT WOULD BE ACCOMPLISHED.

6. GIEREK ALSO REPEATED GOVERNMENT PLEAS FOR GREATER SPECIALIZATION ON PRIVATE FARMS AND IN AGRICULTURAL CIRCLES, WHICH HE SAID WOULD BE ABLE TO HELP ORGANIZE BETTER SERVICES (LARGELY THROUGH RENTING OF MACHINERY) ON A LARGER SCALE TO PRIVATE FARMERS.

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7. COMMENT: PRAGMATISM, REQUIRED BY THE NEED TO
STIMULATE AS MUCH PRODUCTION AS POSSIBLE IN THE NEXT
FEW YEARS, IS THE KEY ELEMENT IN THE POLICIES ENUNCIATED
BY THE FIRST SECRETARY. ALTHOUGH THEY DO NOT PROMISE A
RAPID ACCELERATION IN AGRICULTURAL PRODUCTION (THIS IS
UNLIKELY IN ANY CASE), THE POLICIES SEEM TO PROVIDE THE
BEST ALTERNATIVE AVAILABLE. GONE ARE THE CONDEMNATIONS
OF 1976 OF SOME PRIVATE FARMERS WHO, DUE TO OLD AGE OR
NEGLECT, HAD LET THEIR HOLDINGS DETERIORATE. GONE TOO
ARE THE THREATS THAT THIS LAND WOULD BE TRANSFERRED TO
"PRODUCTIVE) (I.E., STATE) HANDS AS SWIFTLY AS
POSSIBLE. GIEREK INDIRECTLY ACKNOWLEDGED IN HIS SPEECH
THAT THIS OLD POLICY HAD CREATED CONFLICTS IN THE
COUNTRYSIDE. RATHER THAN BEING CONFRONTED BY A
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GOVERNMENT WITH THE POWER TO FORCE ARBITRARILY THE
SALE OF THEIR LAND, THE FARMERS SHOULD NOW SEE
INCENTIVES TO PRODUCE, AND POSSIBLY TO INVEST.

8. THE NEW FARMER'S RETIREMENT FUND SHOULD HELP THE
GOVERNMENT REALIZE SEVERAL OBJECTIVES. FIRST, IT SHOULD
MOTIVATE MARGINAL, PARTICULARLY ELDERLY, FARMERS TO
PRODUCE A MAXIMUM RATES FOR THE NEXT 4 YEARS IN ORDER
TO QUALIFY FOR HIGHER PENSIONS. THOSE UNABLE TO WORK
THEIR LAND FULL-TIME COULD CONCEIVEABLY CONTRACT WITH
NEIGHBORS TO HAVE THE LAND TILLED, SINCE PRODUCTION OF
THE FARM IS THE REAL CRITERIA FOR DETERMINING THE
PENSION. SECONDLY, A HIGHER PERCENTAGE OF TOTAL SALES

OF AGRICULTURAL PRODUCTS WILL BE MADE TO THE STATE.
(TO GET RETIREMENT BENEFITS WITHOUT SELLING THEIR LAND
TO THE STATE, FARMERS WILL HAVE TO TURN THEIR PRODUCTION
OVER TO THE STATE. NEVERTHELESS, IT WILL BE LEFT TO
THE FARMERS TO DECIDE WHETHER THEIR INTERESTS ARE BEST
SERVED BY DELIVERING THEIR PRODUCTION TO THE STATE OR
DISPOSING OF IT IN ANOTHER FASHION.) TO THE EXTENT
THAT THIS POLICY SLOWS THE TURNOVER OF LAND TO THE
STATE, IT WILL EASE THE GOVERNMENT'S ADMINISTRATIVE
BURDEN AND ALSO KEEP MORE HANDS AT WORK AT A TIME WHEN
LABOR-INTENSIVE ANIMAL HUSBANDRY IS THE MOST PRESSING
AGRICULTURAL NEED.

9. SOME QUALIFIERS MUST BE INTRODUCED INTO THIS
POSITIVE APPRAISAL OF THE NEW SOCIAL SECURITY POLICY,
HOWEVER. REFINEMENTS MAY WELL BE MADE TO GIEREK'S
PROPOSALS BEFORE THEY BECOME LAW LATER THIS YEAR. IT
IS UNCLEAR WHAT WILL HAPPEN TO FARMERS WISHING TO RETIRE
BEFORE 1980. THEY COULD BE INCLUDED IN THE SOCIAL
SECURITY NETWORK IF THEY SOLD THEIR LAND TO THE STATE,
BUT THE SIZE OF THEIR PENSIONS AND THEIR ABILITY TO
PASS THE LAND ON TO HEIRS WOULD SEEM TO BE IN DOUBT. IT
IS NOT KNOWN WHETHER SPECIAL INCENTIVES (HIGHER PENSIONS)
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WOULD BE PROVIDED FOR SALES OF LAND TO THE STATE. THIS
MIGHT GENERATE A RANGE OF EQUITY QUESTIONS WITH WHICH THE
GOVERNMENT COULD NOT EASILY DEAL. ALSO, THE POLICY MAY
BE DIFFICULT TO ADMINISTER. THE RELATIONSHIP BETWEEN
FARMER AND WORKER PENSIONS IS NOT CLEAR. STATE
PURCHASING CENTERS WILL HAVE TO ACCEPT AND DISPOSE OF
INCREASED VOLUMES OF PRODUCE. A WISENED ELDERLY FARMER
NEAR RETIREMENT COULD PROBABLY BUY PRODUCE FROM HIS
YOUNGER NEIGHBORS TO UP HIS SALES TO THE STATE AND
THEREBY HIS RETIREMENT PREMIUM. THERE WOULD BE LIMITS
TO SUCH MANEUVERING, HOWEVER, SINCE GOVERNMENT CREDIT
AND TECHNICAL ASSISTANCE WILL LEAD MANY FARMERS TO
CONCLUDE CONTRACTS FOR SALE OF LARGE PARTS OF THEIR
PRODUCE TO THE STATE.

10. WHILE IT MAY ENCOUNTER DIFFICULTIES IN
IMPLEMENTATION, CLEARLY THE GOVERNMENT HAS ONCE AGAIN
TURNED TO AN AGRICULTURAL POLICY BASED ON ECONOMIC
INCENTIVE RATHER THAN ADMINISTRATIVE FIAT. END
COMMENT.
BROWN

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLICIES, PARTY LEADERS, SPEECHES, FARMS
Control Number: n/a
Copy: SINGLE
Sent Date: 25-Jan-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977WARSAW00588
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770026-1191
Format: TEL
From: WARSAW
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770118/aaaaaqat.tel
Line Count: 274
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 643c08d1-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 WARSAW 589
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 24-Jan-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3502124
Secure: OPEN
Status: NATIVE
Subject: GIEREK SPEECH CALLS FOR FURTHER SUPPORT OF PRIVATE FARMERS
TAGS: EAGR, PL, (GIEREK, EDWARD)
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/643c08d1-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009